

AMENDED IN SENATE MARCH 23, 2006

**SENATE BILL**

**No. 1162**

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**Introduced by Senator Cedillo**

(Principal coauthor: Assembly Member Lieber)

**(Coauthor: Senator Perata)**

January 10, 2006

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An act to add Section 1182.12 to the Labor Code, relating to the minimum wage, *making an appropriation therefor*, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1162, as amended, Cedillo. Minimum wage increase.

Under existing law, by statute, the minimum wage for all industries shall be not less than \$5.75 per hour on and after March 1, 1998. Also under existing law, the Industrial Welfare Commission is authorized to set a higher minimum wage in accordance with a prescribed procedure that includes the selection of wage boards to consider and make recommendations regarding wage issues. The current minimum wage for all industries, as established by the commission, is \$6.75 per hour on and after January 1, 2002.

This bill would increase the minimum wage to \$7.25 per hour, effective on and after ~~September 1, 2006~~ *60 days after its enactment*, and would further increase the minimum wage to \$7.75 per hour, effective on and after July 1, 2007. In addition, this bill would provide that the minimum wage shall be adjusted automatically ~~at intervals to be determined, calculated by an indexing method to be determined every year thereafter on January 1, calculated by an indexing method, as specified.~~

*This bill would appropriate \$2,000,000 from the General Fund in the 2005–06 fiscal year to pay for minimum wage increases in state agencies affected by the increase.*

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: ~~no~~-yes. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1182.12 is added to the Labor Code, to  
2 read:

3 1182.12. (a) Notwithstanding any other provision of this  
4 part, ~~on and after September 1, 2006~~ *60 days after the enactment*  
5 *of this act*, the minimum wage for all industries shall be not less  
6 than seven dollars and twenty-five cents (\$7.25) per hour; on and  
7 after July 1, 2007, the minimum wage for all industries shall be  
8 not less than seven dollars and seventy-five cents (\$7.75) per  
9 hour.

10 (b) (1) The minimum wage shall be adjusted automatically ~~on~~  
11 *each January 1 of every \_\_\_\_\_ year, beginning January 1, 20\_\_*  
12 *2008.*

13 (2) The minimum wage shall be adjusted automatically by ~~an~~  
14 ~~indexing method to be determined.~~ *multiplying the minimum*  
15 *wage in effect on the prior June 30 by the percentage of inflation*  
16 *that occurred during the previous year, adding this amount of*  
17 *increase to the wage from the previous year, and rounding off the*  
18 *product to the nearest five cents (\$0.05). The Industrial Welfare*  
19 *Commission shall publicize the automatically adjusted minimum*  
20 *wage, but if it cannot, then the Department of Industrial*  
21 *Relations shall do so.*

22 (c) For purposes of subdivision (b), the following terms have  
23 the following meanings:

24 (1) “Percentage of inflation” means the percentage of  
25 inflation specified in the California Consumer Price Index for all  
26 Urban Consumers, as published by the Department of Industrial  
27 Relations, Division of Labor Statistics and Research, or its  
28 successor index.

29 (2) “Previous year” means the 12-month period that ended on  
30 March 31 of the calendar year prior to the adjustment.

1     (d) This section shall not be construed to either preclude an  
2     increase in the minimum wage by the Industrial Welfare  
3     Commission in an amount greater than the rate calculated  
4     pursuant to subdivision (b), or permit a reduction in the  
5     minimum wage.

6     SEC. 2. The sum of two million dollars (\$2,000,000) is hereby  
7     appropriated from the General Fund for expenditure in the  
8     2005–06 fiscal year in augmentation of Item 8860-001-0001 of  
9     Section 2.00 of the Budget Act of 2005 (Ch. 38, Stats. 2005), for  
10    support of the Department of Finance for Schedule (1) 10-Annual  
11    Financial Plan. These funds shall be allocated by the Director of  
12    Finance to fund a minimum wage increase from six dollars and  
13    seventy-five cents (\$6.75) to seven dollars and twenty-five cents  
14    (\$7.25) per hour for state agencies and programs affected by that  
15    wage increase, if the Director of Finance determines additional  
16    funding is needed. Any funds appropriated by this section that  
17    are not allocated by July 1, 2006, shall revert to the General  
18    Fund.

19    ~~SEC. 2.~~

20    SEC. 3. This act is an urgency statute necessary for the  
21    immediate preservation of the public peace, health, or safety  
22    within the meaning of Article IV of the Constitution and shall go  
23    into immediate effect. The facts constituting the necessity are:

24    In order for California's lowest paid workers to keep pace with  
25    the rapidly increasing cost of living, it is necessary that this act  
26    take effect immediately.